

# THE HENDRICKSON COMPANY

1404 Alban Avenue ☞ Tallahassee, Florida 32301

Telephone: 850-671-5601

Fax: 850-671-5603

To: Leon County Housing Finance Authority Board of Directors  
From: Mark Hendrickson, Financial Advisor  
Subject: May 11, 2017 Board Meeting  
Date: May 3, 2017

## **I. Financial Reports and Budget—Action**

1. The Financial Statement for April 30, 2017 is attached. Net assets as of April 30, 2017 are \$1,725,966.54, with \$685,045.95 in cash (\$80,402 restricted).
2. The HFA Budget and Income/Expenditure detail is attached. For April, expenses exceeded income by \$3,116.91. Year-to-date, income has exceeded expenses by \$19,528.28. Additionally, \$15,516.92 has been shifted from loan assets to cash as a result of the repayment of DPA loans.
3. **Recommendation:** Accept Financial Statement.

## **II. Emergency Repair Program—Informational**

1. The HFA authorized an emergency repair program, for minor repairs that need immediate attention—and are not covered by the County's SHIP Program. A total of \$30,000 has been authorized for this program. Individual repairs were limited to \$1,650 per home.
2. The total amount of repairs funded through April 2017 is \$11,549.97.
3. County staff conducted a "purge" of the waiting list, to determine if the persons still had need of repairs, or still lived at the residence. As a result, the waiting list was eliminated and persons who apply can immediately be processed for full repair funding.
4. The Board directed that this line item remain in the HFA's budget should the emergency repair program be needed.
5. **Recommendation:** None.

## **III. Real Estate—Informational**

1. The Real Estate Division is working on disposing of properties as clear title is obtained. They are also obtaining appraised values.
2. At the request of the Real Estate Division, the HFA prioritized the properties (to avoid

spending more money obtaining clear title than the property's value). Ms. McGhin has been asked to evaluate potential price reductions to induce sales.

3. Mitzi McGhin reports:

- 114 Osceola Street: Sold 8-29-16 for \$34,100, with net revenue to the HFA of \$32,577.
- 723 Frankie Lane Drive: Sold 12-1-16 for \$12,000, with net revenue to the HFA of \$11,300.
- 278 Oakview Drive: Sold 1-5-17 for \$27,300, with net revenue to the HFA of \$26,525.
- 2109 Holton Street: Sold 2-15-17 for \$6,500, with net revenue to the HFA of \$4,800.
- Calloway Street Lot: Sold 3-30-17 for \$5,900, with net revenue to the HFA of \$5,200.
- For sale signs placed on properties in Crown Ridge, with appraisals due December 2. Several inquiries have been received, but no interest shown after being given sales price.

4. Therefore, the total revenues to the HFA are \$80,402.

5. Mr. Rigo researched whether the HFA could issue an RFP to procure a residential real estate broker for the properties. His research concluded that the County, as owner of the land, would need to issue any RFP related to the properties.

6. Mr. Rigo, Ms. McGhin, and Scott Ross are meeting May 5 to discuss strategies for marketing the properties, including considering the request from the HFA related to advertising the properties and utilizing a broker to market the properties. A report will be presented at the HFA meeting.

7. **Recommendation:** None.

**IV. Future Role of HFA—Action**

1. On February 7, the BOCC passed amendments to the HFA's Ordinance, and an accompanying Resolution, that grant significant independence to the HFA.

2. The Finance Committee chaired by Mr. Gay met to begin planning for the transition. A detailed list of action items was discussed, with Mr. Gay providing recommendations on several items. The Action Plan (attached in the Board Packet), was approved by the HFA in April.

3. The Finance Committee met May 3, and considered amendments to the contract with The Hendrickson Company. The Committee recommends that the Board approve the changes (redline contract attached in the Board Packet).

4. The Committee asked Ms. Whitehurst to research if an RFP or RFQ was required for the HFA to select a bank for a checking account. Ms. Whitehurst will present her findings at the HFA meeting.

5. The Committee asked Ms. Whitehurst and Mr. Hendrickson to review the bylaws for any changes required by the transition, and to prepare a bylaw amendment for the June HFA meeting creating a Board Officer position of Treasurer.

6. The Committee asked Mr. Hendrickson and Ms. Leigh to research options for records retention.
7. The Committee asked Mr. Hendrickson and Ms. Leigh to research the existing Board insurance policy to determine if any changes were required by the transition.
8. A general summary of the Action Plan:
  - HFA to adopt its own budget in September
  - HFA to establish checking account and investment account with SBA Prime Fund, for transfer of funds and responsibilities on October 1
  - Accounting system using QuickBooks online to be established
  - Proper financial controls to be established, using combination of Mr. Gay, the FA, and the Board
  - General administrative duties and developer/citizen inquiries to be handled by FA
  - General Counsel and FA to develop proposed procurement and travel policies
  - Auditor to be hired in time to audit FY 17-18 HFA financials. RFQ to be designed after consultation with County on proper format for coordination with County audit.
  - “Evergreen” calendar to be established for action to make sure all functions performed when required
  - Need to establish HFA mailing address and system for retention of public records (and establish custodian of those records)
  - Finance Committee to meet again to evaluate all implementation recommendations
9. Some initial information on implementation:
  - County Attorney advises that they cannot serve as mailing address/public records custodian for the HFA because they are not HFA counsel
  - Request has been made to Lamarr Kemp as to willingness of County to serve as mailing address for the HFA and to be custodian of public records—and any proposed cost. Other options are the FA and the General Counsel.
  - Inquiry made to Lamarr Kemp on whether County wishes to continue Emergency Repair Program. If yes, a contract will need to be drafted so that the HFA has audit protection for any payments made for the program (client eligibility, income or other certifications, selection of contractors, inspection of work, and payment process)'
10. **Recommendation:** Consider recommendations of Finance Committee and proposed amendments to FA contract.

## V. Legal Update

1. The Board asked that a legal update be placed on each agenda and FA memo.
2. **Recommendation:** None.

## VI. Escambia Single Family—MCC's

1. The Escambia HFA is moving forward to add MCC's to the program. This is a major improvement, as borrowers will now receive an annual federal tax credit in addition to the mortgage and DPA.

2. **MCC Program: What Does it Mean to Home Buyer:** With an average loan of \$130,000 and a 4.375%/30 year mortgage, interest payments in Year 1 = \$5,645. With the 50% MCC rate that the HFA may choose, **the homebuyer would be able to claim a tax credit of the federal maximum of \$2,000 each year** (slightly declining after Year 9 as more of monthly payment is principal) until the home buyers sells or moves from the property. The MCC lowers net payments (monthly payments - \$2,000) to a level equivalent to a 2.1% mortgage rate.
3. To implement this, the MOU between the HFA's will need to be amended, and the Interlocal Agreement which expires in September will need to be renewed by the BOCC. Bond Counsel has reviewed both documents and recommends approval.
4. **Recommendations:** (1) Approve amended MOU, and (2) Recommend that BOCC approve amended Interlocal Agreement.

**VII. To-Do List—Informational**

To-Do Item	HFA	FA	CAO	LK	LS	KR	Status	Completed
<b>Prior to October 2015 Meeting</b>								
Set date for Stakeholders Meeting	X						On hold	
<b>October 2015</b>								
Research if old payoffs of DPA loans came to HFA.		X			X		In process.	
<b>December 2016</b>								
HFA to seek additional donations of property from lending institutions. Mr. Gay volunteered to draft letter and provide lender contacts.	X						In progress	
<b>March 2017</b>								
The Board requested that an analysis of the remaining properties and the potential for price reductions be put on an HFA agenda							Request for update sent to Mitzi McGhin	
<b>April 2017</b>								
The Board directed Counsel and FA to bring back a proposed policy on participation by Board members by telephone.		X				X	Will be on June agenda as part of bylaws amendments	
The Board requested that an analysis the HFA placing an advertisement for the properties in the newspaper be brought to the May HFA meeting for potential action.							Mitzi McGhin & Dan Rigo meeting and will bring report to HFA meeting	
The Board requested that Mr. Rigo research if the HFA could issue an RFP for a residential realtor to market the properties			X				CAO researched & County must issue RFP.	Done

**VIII. State Legislative Update**

1. Meetings have been held in with, the Governor’s Chief of Staff, the House Speaker, the Appropriations Chair in the Senate, and key Appropriations Committee staff.
2. The Doc Stamp Revenue Estimate was updated in March, and shows that \$295.9 million of new money will be available for appropriation in FY 17-18. The division is \$207.36 million in the Local Government Housing Trust Fund (SHIP) and \$88.54 million in the State Housing Trust Fund (SAIL and other FHFC programs).
3. The House and Senate conference committees have agreed on the final budget numbers:

**Appropriation of Housing Trust Fund Monies**

	<b>GOVERNOR</b>	<b>SENATE</b>	<b>HOUSE</b>	<b>FINAL BUDGET</b>
<b>SAIL</b>	\$ 10,000,000	In Proviso		
<b>Housing for Developmentally Disabled</b>		\$10,000,000 in recurring budget	\$10,000,000 in recurring budget	
<b>FHFC Line 2225</b>		\$27,500,000		
<b>SHIP Line 2226</b>	\$ 34,000,000	\$120,900,000	\$30,000,000	
<b>Homeless</b>		\$4,000,000 in recurring budget	\$4,000,000 in recurring budget	
<b>Training</b>		In proviso		
<b>TOTAL HOUSING</b>	<b>\$ 44,000,000</b>	<b>\$162,400,000</b>	<b>\$44,000,000</b>	
<b>SHTF SWEEP</b>	\$ 64,000,000	\$50,000,000	\$ 67,000,000	
<b>LGHTF SWEEP</b>	\$160,000,000	\$80,000,000	\$157,000,000	
<b>TOTAL SWEEP Section 61 House &amp; 71 Senate</b>	<b>\$224,000,000</b>	<b>\$130,000,000</b>	<b>\$224,000,000</b>	
<b>Unallocated SHTF</b>	<b>\$14,540,000</b>	<b>\$1,040,000</b>	<b>\$11,540,000</b>	
<b>Unallocated LGHTF</b>	<b>\$13,360,000</b>	<b>\$2,460,000</b>	<b>\$16,360,000</b>	

**Senate Proviso/Back of the Bill for FHFC**

\$10 million for person with developmental disabilities

Acknowledges that \$111.0 million of Guarantee Fund monies to be spent on SAIL. This section 67 of budget is not required, as FHFC can expend this money without appropriation.

Requires at least 50% of funds to be spent on SAIL

\$40 million of SAIL/Guarantee Fund monies for Workforce Housing

\$100,000 for Affordable Housing Workgroup

**Senate Proviso for SHIP**

20% for Special Needs

Including the \$4 million in recurring, a total of \$5 million for the homeless through DCF

\$200,000 for DEO homeless training  
 \$500,000 for Catalyst  
 \$75,000 to Florida Supportive Housing Coalition for Special Needs and Homeless Training

**House Back of the Bill for SAIL**

\$75.25 million of SAIL funding from Guarantee Fund (Section 55)

**House Proviso for SHIP**

Additional \$35.75 million of SHIP funding from Guarantee Fund (Section 55)

\$200,000 for DEO homeless training

<b>Additional Homeless Funding</b>				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$5,000,000 Senate \$3,800,000 House	342	Grants & Donations TF— comes from SHIP	DCF
Federal Emergency Shelter Grant Program	\$6,203,876 in both House & Senate	343	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants	\$4,075,000 Senate \$2,840,800 House	344	GR	DCF
Homeless Housing Assistance Grants: Senate Proviso	\$100,000 from line 344 for Love in Action & Hope Homeless Shelter			DCF
Homeless Housing Assistance Grants: Senate Proviso	\$500,000 from line 344 for Comprehensive Emergency Services Center serving Leon, Franklin and Gadsden Counties			DCF
Homeless Housing Assistance Grants: House Proviso	\$140,800 from line item 344 for Citrus Health Network Safe Haven\ for Homeless Youth			
Pasco County Homeless Navigation Center: Senate Proviso	\$1,000,000	358A	GR	DCF
Rapid Rehousing Program: Senate Proviso	\$500,000	2224M	SEED	DEO
Tarpon Springs Hope Center: Senate Proviso	\$200,000	2224M	SEED	DEO
Tampa-Hillsborough Community Housing Solutions Center: Senate Proviso	\$1,000,000	2224M	SEED	DEO

<b>Other Member Projects</b>				
Item	Amount	Line Item	Source	Agency
Neighborworks Florida Collaborative: Senate Proviso	\$500,000	2224M	SEED	DEO
Building Homes for Heroes: Senate Proviso	\$1,000,000	2226L	SEED	DEO
Building Homes for Heroes: House Proviso	\$1,000,000	2224M	General Revenue	DEO



4. Editorials have been written by the newspapers in Orlando, Ft. Lauderdale, Jacksonville, Bradenton, and Naples. A press conference calling for full funding was held on March 2, with excellent press coverage.
5. **Recommendation:** None.